

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6867**

**BILL NUMBER:** HB 1140

**DATE PREPARED:** Feb 9, 2001

**BILL AMENDED:** Feb 8, 2001

**SUBJECT:** Appropriation to Jay County School Corporation.

**FISCAL ANALYST:** Chuck Mayfield

**PHONE NUMBER:** 232-4825

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill specifies that beginning three years after the money was advanced, the outstanding balance of the amount advanced by the Department of Education to the school corporation shall be deducted in equal amounts over the following 24 months from the state tuition support distributions that the school corporation would otherwise be entitled to receive. It provides that these same provisions apply to North Miami Community Schools if money otherwise due to that school corporation is intercepted by the Treasurer of State and if the Department of Education advances money to replace the money intercepted by the treasurer.

**Effective Date:** (Amended) Upon Passage.

**Explanation of State Expenditures:** (Revised) The Jay County School Corporation used a private holding company to finance a school bond. The school made annual payments to the holding company, but the funds were not forwarded to the bond holder. The bond holder used the state intercept law to recover the amount owed, \$1,665,814. The state plans to advance future state funds to the bond holder. Currently, Jay County School Corporation is required to repay the State Treasurer in 60 payments of \$27,763.57 beginning on January 15, 2001. The bill would delay the repayment of the advance for three years. The reduction in state revenue due to the delay in the repayment of the advance of state funds for Jay County School Corporation would be about \$166,581 for FY 2001 and \$333,163 for FY 2002 and FY 2003.

The North Miami Community Schools Corporation may be in a similar situation. The potential amount of recovery is about \$300,000. The school made the payments to Southern School Buildings, Inc. but the bond payments were not forwarded to the bond holder. Currently the State Treasurer has not withheld state funds under IC 20-5-4-10.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See Explanation of State Expenditures. The reduction in expenditures due to the delay in the repayment of the advance of state funds for Jay County School Corporation would be about \$333,163 for CY 2001, 2002 and 2003.

**Explanation of Local Revenues:**

be about \$166,581 for FY 2001 and \$333,163 for FY 2002 and FY 2003.

**State Agencies Affected:** State Treasurer, Department of Education, Property Tax Replacement Board, State Budget Agency, State Board of Tax Commissioners.

**Local Agencies Affected:** Jay County School Corporation; North Miami Community School Corporation.

**Information Sources:** Order of State Board of Tax Commissioners.